

2008-2009 PERFORMANCE PLAN – Portfolio Manager, Corporate Governance (B. Sherwood-McGrew)

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Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
15%	Global Equity Performance	Excess return deviation in basis points relative to: Global Equity Performance Benchmark. {GLOBLIC – CPERSGE2}	-50 basis points = 0 -10 basis points = 1.0 +15 basis points = 1.5
30%	Focus List Performance	Excess annualized return of 3-year Focus List Company Portfolio with individual portfolio companies measured against the S&P 500 if the company is a member of that index at the time of Investment Committee approval or the Dow Jones Wilshire 4500 Index if the company was not a member of the S&P 500 at the time of Investment Committee approval. Measures annualized return performance of the 2006, 2007, and 2008 Focus List Companies up through June 30, 2009.	0 basis points = 0 +200 basis points = 1.0 +400 basis points = 1.5
45%	Subtotal	Quantitative Measures	

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Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
20%	Global Principles of Accountable Corporate Governance	Identify and implement material additions or deletions to CalPERS' Global Principles of Accountable Corporate Governance, that improve overall global governance, to the Investment Committee for approval by June 30, 2009. Achievement is measured by obtaining Investment Committee Approval.	IC Approval = 1.5
20%	Preliminary Focus List	Create analytical tools to document the effectiveness of the engagement process: <ul style="list-style-type: none"> Develop an analytical model to measure the success of the engagement process with preliminary Focus List companies. Develop an analytical model to measure the security price performance of preliminary Focus List companies that respond favorably to the engagement process. 	1 model Approved by SIO = 1.0 2 models Approved by SIO = 1.5
15%	Leadership	Human Resources staff is working with the Interim Chief Investment Officer to develop the qualitative leadership performance measures which will be presented for second reading.	From Schedule
55%	Subtotal	Qualitative Measures	
100%	Total	Quantitative and Qualitative Measures	